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Report of the Trade and Development Board on its thirty-second executive session*

Geneva, 28 July 2003

* The present document is an advance version of the report of the Trade and Development Board on its thirty-second executive session, held at the United Nations Office at Geneva on 28 July 2003. It will appear in final form, together with the reports on the thirtieth executive session, twentieth special session, thirty-first executive session and fiftieth session of the Board, as *Official Records of the General Assembly, Fifty-eighth Session, Supplement No. 15* (A/58/15).

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INTRODUCTION

Opening statement

1. The **Secretary-General of UNCTAD** said that, at a recent meeting on the Integrated Framework for Trade-related Technical Assistance for Least Developed Countries (IF) in Washington, he had emphasized the need to move on from discussions on process to discussions on actual capacity-building activities that addressed supply constraints. The LDC representatives at the meeting had stressed the need for additionality of the resources provided and for keeping the IF autonomous in relation to other actions, for example PRSPs.

2. With regard to UNCTAD XI, one of the main aspects of the Conference theme concerned the interface between the creation of trading opportunities on the one hand and the creation of national capability to take advantage of those opportunities on the other. Other issues that would warrant particular attention included trade and gender, trade and poverty, and trade and the creative industries. In connection with the first of these, UNCTAD was the lead agency for the Inter-Agency Task Force on Trade and Gender, and he was confident that the Task Force would produce innovative ideas of relevance to the work of the Conference. In the area of trade and poverty, the secretariat was building on the work it had done on the *Least Developed Countries Report 2002*, but it was also looking at poverty in a broader context not confined to LDCs. Work in that area would contribute to the attainment of the Millennium Development Goals. Finally, on trade and the creative industries, the economic impact of these industries was considerable; in the United Kingdom, for example, the creative industries generated revenue approaching £60 billion per annum, contributing over 4 per cent of GDP and employing around 1.5 million people. UNCTAD had done pioneering work in this field, both at the Third UN Conference on the LDCs and in expert meetings.

Chapter I

ACTIVITIES UNDERTAKEN BY UNCTAD IN FAVOUR OF AFRICA AND IN SUPPORT OF NEPAD

(Agenda item 2)

3. For its consideration of this item, the Commission had before it the following documentation:

> "Activities undertaken by UNCTAD in favour of Africa: Report by the UNCTAD secretariat" (TD/B/EX(32)/2).

4. UNCTAD's **Special Coordinator for Africa**, introducing the report, said that UNCTAD's activities in favour of Africa were aimed at helping African countries to realize their objectives in the context of the New Partnership for Africa's Development (NEPAD). With regard to technical assistance and advisory services, these activities were aimed at capacity building in the areas of trade and services, investment, trade facilitation, commodities and external debt. The report attempted to place in perspective the reasons for the poor performance of Africa and the declining shares of the continent in world trade. It reviewed the structure and composition of Africa's trade, and the associated problems of commodity dependence; it also discussed the factors influencing both Africa's ability to diversify into more market-dynamic sectors and its competitiveness, even in its traditional exports. The report would serve as a contribution to the African Ministerial Conference on Commodities to be hosted by Senegal towards the end of the year. Finally, it discussed national and international policy measures that might be needed to help Africa overcome some of the hurdles it faced.

5. Concerning related substantive work in the secretariat, the *Review of Maritime Transport 2003* had estimated that freight costs were 50 per cent higher in Africa than in other developing regions, and the problem was particularly acute for the landlocked countries. The *E-commerce and Development Report 2003* showed that Internet use in Africa was only 100 per 10,000 people, while the average for developing countries was four times greater and the world average 36 times greater.

6. The representative of **Thailand**, speaking on behalf of the **Group of 77 and China**, welcomed the UNCTAD secretariat's close cooperation with the NEPAD secretariat in response to the Trade and Development Board's call for support for the objectives of NEPAD. Africa had the weakest development indicators, and the AIDS pandemic had sapped the continent of its human resources. The marginalization of African countries in world trade had continued unabated, as their economies were dominated by primary commodities which had suffered a secular price decline. The international community needed to address such pressing issues as poverty, the external debt problem, low commodity prices and market access. UNCTAD's activities had made an important contribution to African development, including in trade-related issues; the Group welcomed the substantive analytical work on African development undertaken by UNCTAD and encouraged the secretariat to continue such analysis for a better understanding of Africa's development problems. While commending recent initiatives such as Everything But Arms, the Group of 77 looked forward to exploring with its development partners how such policies could be promoted so as to contribute directly to economic livelihoods in African countries, as Africa needed the full support of the international

community if the Millennium Declaration target of reducing poverty by half was to be achieved.

7. The representative of **Italy**, speaking behalf of the **European Union and the acceding countries**, while thanking the secretariat for providing assistance to African countries and for having worked in close collaboration with the NEPAD secretariat in accordance with the guidelines set by General Assembly resolution 57/7, said that the secretariat's report made only a general reference to NEPAD as providing the framework for the various activities described in the report. He expressed concern at the decreased share of UNCTAD's activities directed to Africa and requested an assurance that stronger focus would be given to Africa in the coming years. UNCTAD's research and analytical work was of high importance for Africa and for developing countries in general, and that work needed to be translated into capacity building activities and programmes. UNCTAD's involvement in the JITAP was most important, and the Integrated Framework was in a crucial phase during which all parties would have to contribute in order to improve the concept. It was important to consider external evaluations of programmes such as ASYCUDA, ACIS and DMFAS in order to assess their strengths and decide how they should be continued and improved. In the field of training, more coherence was required with the Doha Development Agenda and current negotiations.

8. The representative of **Benin**, speaking on behalf of the **least developed countries**, said that the secretariat's report provided important information on activities undertaken by UNCTAD both in technical cooperation and in policy research and analysis. UNCTAD's work contributed to a better understanding of the structural weakness of African countries and the need to enhance human, physical and institutional capacities. A large number of African countries were LDCs, and it was important that UNCTAD's activities take into account not only NEPAD but also the international commitments undertaken in the context of the Third United Nations Conference on the Least Developed Countries held in Brussels. Recommendations set out in the Monterrey Consensus on financing for development also merited effective application by the international community.

9. The representative of **Zimbabwe**, speaking on behalf of the **African Group**, noted that the marginalization of Africa was still of great concern, as the continent's share of world trade had continued to decline. He supported the activities of UNCTAD and those of other international institutions such as ITC in the African region within the context of NEPAD. He looked forward to enhanced cooperation from UNCTAD and the other institutions with a view to developing effective poverty reduction strategies through enhanced market access and finding a solution to the problem of low commodity prices.

10. The representative of **Egypt** identified several problems that afflicted the continent including: armed conflicts, which have displaced large sections of the population; increased poverty and disease, including HIV/AIDS; and environmental problems such as desertification. These problems were underscored by poor economic performance, which demanded concerted and coordinated efforts by the international community if present and future generations were to be saved. African countries had decided to take responsibility for addressing the situation, as manifested in the objectives of NEPAD, which emphasized greater intra-regional trade and monetary union. At various conferences, the international community had pledged support in closing Africa's resource gap, but assistance was also required in the areas of debt cancellation, arresting the decline of commodity prices in the short term and promoting diversification in the long term, increasing ODA to 0.7 per cent of GNP, abolishing conditionality, and ensuring practical inputs into the current WTO negotiations with a view to addressing Africa's

development problems. In this regard, he drew attention to the Meeting of Ministers of Finance and Ministers of Planning and Economic Development held recently in Addis Ababa which had emphasized the need to make adequate financial and technical resources available to development organizations. Despite its limited resources, UNCTAD had managed to undertake a number of activities in favour of Africa, including support for NEPAD. UNCTAD's technical assistance activities were welcomed by the African countries, and more resources were needed for that purpose. He requested the UNCTAD secretariat to provide information on resource requirements.

11. The representative of **Zambia** said that one serious issue that was not being properly addressed in various fora was the question of foreign debt. The Zambian economy had been dependent on exports of copper for many years, but the Government had undertaken a policy of diversification into coffee, sugar, cotton and flowers. The problem was that the prices of these commodities had fallen as Zambia had entered these markets. Multilateral financial institutions had recommended the liberalization of the Zambian economy, but that policy had worked to the disadvantage of the Zambian people. The foreign debt problem of Zambia needed to be resolved if economic growth was to take place.

12. The representative of **Senegal** emphasized the need for more consistent programmes anchored in general development strategies, such as the PRSP and NEPAD. There was a need for a global evaluation to assess levels of assistance required. UNCTAD should increase its links with the NEPAD secretariat, and he welcomed new initiatives undertaken by UNCTAD, in particular the one related to creative/cultural industries.

13. The representative of **South Africa** said that UNCTAD continued to fill an important niche in raising issues with respect to African development. UNCTAD had contributed to NEPAD and African Union Steering Committee Meetings in Johannesburg and Cairo with respect to the NEPAD market access initiative, and this contribution was highly appreciated. He also welcomed UNCTAD's active participation in the interagency cluster on agriculture, trade and market access. UNCTAD's activities in support of African countries in the areas of debt management, Paris Club negotiations and analysis of the implementation of the HIPC Initiative were of particular importance. He questioned the assumptions underlying the debt sustainability analysis in the context of the HIPC Initiative. In the run-up to UNCTAD XI, the main objective should be to strengthen the organization to enable it to provide assistance, particularly for capacity building in African countries.

14. The representative of the **United Republic of Tanzania** drew attention to Africa's marginalization in international trade, declining commodity prices and the debt overhang. The activities of UNCTAD in favour of Africa were welcome, and the international community, in the context of UNCTAD XI, would need to commit itself to decisions that would help African countries to deal with these pressing problems.

15. The representative of **Kenya** said he attached great importance to technical assistance provided by UNCTAD to African countries with respect to multilateral trade negotiations. In the context of its trade-related activities, JITAP and other such initiatives supporting Africa in WTO negotiations were welcome. UNCTAD should continue to play an active role in assisting African countries to benefit from greater market access in the context of liberalization.

16. The representative of **Ethiopia**, welcoming UNCTAD's support for Africa, expressed concern at the fact that Africa might not be able to reach the Millennium target of reducing poverty by half by the year 2015. Relentless efforts, by both African countries and their

development partners, were required to reverse this situation. Through NEPAD, African countries had committed themselves to pursuing sound economic policies, and the African peer review mechanism that had now been established provided a basis for assessing and monitoring African countries' commitments. Development partners needed to discharge their obligations by increasing aid, improving its quality, enhancing policy coherence, opening up market opportunities, reducing debt, providing capacity building and encouraging FDI flows. While the decline in global ODA had been stopped in 2002, aid flows to Africa were far too small, and UNCTAD needed to monitor both the quality and the quantity of these flows. In that connection, the collapse in commodity prices had revealed the serious shortcomings of the HIPC Initiative. The continent's share in world trade had been declining, and its share of FDI remained insignificant. UNCTAD would need to provide assistance in capacity building in all the areas mentioned.

Chapter II

PREPARATIONS FOR UNCTAD XI

(Agenda item 3)

17. The **Deputy Secretary-General of UNCTAD** said that preparations for the Conference were proceeding apace, both substantively and logistically. Concerning logistics, a technical mission had just returned from São Paulo, and preparations relating to the Conference facilities were well under way. On substance, efforts were currently concentrated on the secretariat's submission, which would comprise two parts: the first part would provide a historical perspective and assess global developments since UNCTAD X, while the second part, which was intended to serve as a basis for negotiations, would outline the issues involved in all the subthemes, provide policy options, and suggest how UNCTAD could contribute in its future work. With regard to the last point, the general guidance provided by the Conference would be translated into a work programme by the Working Party on the Medium-term Plan and the Programme Budget after the Conference.

18. The representative of **Benin**, speaking on behalf of the LDCs, said that work on the main theme for UNCTAD XI should be as comprehensive and exhaustive as possible and should reflect reality at the national and international levels. The specific problems and needs of LDCs should be duly taken into account so that lasting solutions could be found. Major LDC concerns included the precariousness of commodity prices and the need to improve the principles, rules and mechanisms governing international commodity trade, promotion and diversification of exports, promotion of investment, strengthening of human, institutional and physical infrastructure, the impact of debt, the decline in ODA, and the need to ensure effective implementation and follow-up of outcomes of major international conferences. Finally, the UNCTAD secretariat should take the necessary steps to ensure the effective participation of LDC representatives in all aspects of the preparations for UNCTAD XI, both in Geneva and elsewhere.

19. The representative of **Senegal** said that UNCTAD XI would provide a good opportunity for stocktaking and assessing what had happened since UNCTAD X. The new thinking that had characterized the Mid-term Review, for example in respect of benchmarking, should guide preparations for UNCTAD XI. The open attitude being taken towards the participation of civil society in the context of the Conference was welcome.

Chapter III

OTHER MATTERS REQUIRING ACTION BY THE BOARD ARISING FROM OR RELATED TO REPORTS AND ACTIVITIES OF ITS SUBSIDIARY BODIES

(Agenda item 4)

Report of the Working Party on the Medium-term Plan and the Programme Budget on its fortieth session (second part), 21-23 May 2003

20. For its consideration of this item, the Board had before it the following documentation:

"Report of the Working Party on the Medium-term Plan and the Programme Budget on its fortieth session (second part), 21-23 May 2003" (TD/B/EX(32)/3).

Action by the Board

21. At its 942nd plenary meeting, on 28 July 2003, the Board took note of the report of the Working Party, as contained in document TD/B/EX(32)/3, and endorsed the agreed conclusions contained therein.

Chapter IV

OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT

(Agenda item 5)

Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-sixth session (28 April – 2 May 2003)

22. For its consideration of this item, the Board had before it the following documentation:

"Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-sixth session (28 April – 2 May 2003)" (ITC/AG(XXXVI)/195).

23. The **Deputy Executive Director of ITC**, introducing the report, said that, at the Joint Advisory Group's session, both the Secretary-General of UNCTAD and the Deputy Director General of WTO had commended ITC on its performance. ITC intended to build on its achievements, and its plan for growth rested on three principles: remaining focused and continuing to do what it did best; continuing to innovate in technical assistance; and working towards greater field-level impact. The Joint Advisory Group (JAG) had acknowledged the relevance of ITC's overall approach to trade-related technical assistance, and had underscored the importance of UNCTAD, WTO and ITC working together to ensure a coherent and comprehensive approach. JAG had also agreed to define the modalities for an independent external evaluation of ITC aimed at determining how ITC's role in trade-related technical assistance could be enhanced. Finally, he thanked donors for their announced voluntary contributions.

24. The representative of **South Africa** welcomed the reappointment of Mr. Belisle as Executive Director of ITC. The pledges made by donors reflected their confidence in the Centre.

25. The representative of **China** said that ITC was playing an increasingly important role in helping developing countries, and its work was viewed positively by its member States. Evaluation of activities was important, and in that connection transparency was crucial. There would be a need for more coordination with UNCTAD and WTO if the evaluation resulted in the required adjustment of mandate.

Action by the Board

26. At its 942nd plenary meeting, on 28 July 2003, the Board took note of the report of the Joint Advisory Group on its thirty-sixth session.

Chapter V

OTHER BUSINESS

(Agenda item 7)

Implementation of paragraph 166 of the Bangkok Plan of Action

27. The representative of **Argentina**, speaking on behalf of the **Latin American and Caribbean Group**, said it was important that activities carried out within the framework of paragraph 166 of the Bangkok Plan of Action be considered at the regular session of the Board. Human resources capacity building in developing countries was a key activity, and it was essential for the President of the Advisory Body set up in connection with paragraph 166 to inform the Board of the secretariat's work in that connection, in accordance with Board decision 466 (XLVII).

28. The **President of the Board** informed the Board that, in his capacity as President of the Advisory Body, he would report to the Board at its next regular session on the activities carried out within the framework of paragraph 166.

Chapter VI

INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

(Agenda item 5)

Opening of the session

29. The session was opened by the President of the Board.

Adoption of the agenda

30. The Board adopted the provisional agenda as contained in document TD/B/EX(32)/1. (For the agenda, see annex I below.)

Bureau

31. The Bureau of the Board was as elected at the forty-ninth regular session, namely:

President:	Mr. Dimiter Tzantchev	(Bulgaria)
Vice-Presidents:	Mr. Iouri Afanassiev	(Russian Federation)
	Mr. Boniface Chidyausiku	(Zimbabwe)
	Mr. Luiz Felipe de Seixas Corrêa	(Brazil)
	Mr. Nathan Irumba	(Uganda)
	Mr. Toshiyuki Iwado	(Japan)
	Mr. Douglas M. Griffiths	(United States of America)
	Mr. François Leger	(France)
	Mr. Samuel T. Ramel	(Philippines
	Mr. Lester Mejía Solís	(Nicaragua)
	Mr. Eberhard Von Schubert	(Germany)
Rapporteur:	Mr. Mehdi Fakheri	(Islamic Republic of Iran)

Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board

32. At its 942nd plenary meeting, on 28 July 2003, the Board agreed that Mandat International and the World Federation of Free Zones (FEMOZA) be designated for the purposes of rule 77 of its rules of procedure and be classified in the general category in accordance with the terms

of paragraph 12(b) of Board decision 43(VII). (Background information on the two organizations was available to the Board in documents TD/B/EX(32)/R.1 and R.2.)

33. The Board was also informed that, in conformity with the _ of Board decision 43 (VII), sections III and IV, and after consultation with the Government of the Government of Benin, the Secretary-General of UNCTAD had decided to enter the Centre Béninois pour le Développement des Initiatives à la Base (CBDIBA) in the Register of national non-governmental organizations provided for under Board decision 43 (VII). (Background information on the organization was available to the Board in document TD/B/EX(32)/L.1.)

Report of the Board on its thirty-second executive session

34. The Board authorized the Rapporteur to finalize the report on its thirty-second executive session under the authority of the President.

Annex I

AGENDA FOR THE THIRTY-SECOND EXECUTIVE SESSION OF THE BOARD

1. **Adoption of the agenda**
2. **Activities undertaken by UNCTAD in favour of Africa and in support of NEPAD**
3. **Preparations for UNCTAD XI**
4. Other matters requiring action by the Board arising from or related to reports and activities of its subsidiary bodies:
   - Report of the Working Party on the Medium-term Plan and the Programme budget on its fortieth session (second part), 21-23 May 2003
5. Other matters in the field of trade and development:
   - Report of the Joint Advisory Group on the International Trade Centre UNCTAD/WTO on its thirty-sixth session (28 April-2 May 2003)
6. Institutional, organizational, administrative and related matters:
   - Designation of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board
7. Other business
8. Report of the Board on its thirty-second executive session

Annex II

ATTENDANCE*

1. Representatives from the following States members of UNCTAD attended the session:

Angola
Argentina
Austria
Bahrain
Bangladesh
Belarus
Benin
Bulgaria
Cameroon
China
Colombia
Congo
Cuba
Czech Republic
Ecuador
Egypt
Ethiopia
Finland
France
Germany
Ghana
India
Indonesia
Iran (Islamic Republic of)
Israel
Italy
Kenya
Latvia
Libyan Arab Jamahiriya
Macedonia
Madagascar
Malaysia
Mauritius
Mexico
Nepal
Nigeria
Norway
Oman
Philippines
Poland
Portugal
Russian Federation
Senegal
South Africa
Spain
Sudan
Switzerland
Thailand
United Republic of Tanzania
United States of America
Zambia
Zimbabwe

* For the list of participants, see TD/B/EX(32)/INF.1.

2. The following other State member of UNCTAD, not a member of the Board, was represented as an observer at the session:

Monaco

3. The following intergovernmental organizations were represented at the session:

South Centre

Organisation for African Unity

Organisation Internationale de la Francophonie

4. The following specialized agencies and related organizations were represented at the session:

World Bank

International Trade Centre

United Nations Industrial Development Organisation

International Labour Organisation

World Trade Organisation

5. The following non-governmental organizations were represented at the session:

General Category

International Confederation of Free Trade Unions

World Association of Small and Medium-sized Enterprises